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ISSUES RELATED TO THE STATE §
 OF DISASTER FOR THE FEBRUARY §
 2021 WINTER WEATHER EVENT §

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 PUBLIC UTILITY COMMISSION
 OF TEXAS
 CLERK

**PETITION TO IMPLEMENT THE RECOMMENDATIONS
OF THE INDEPENDENT MARKET MONITOR**

TO THE HONORABLE COMMISSIONERS OF THE PUBLIC UTILITY COMMISSION OF TEXAS:

ENGIE North America Inc. (“ENGIE”) requests that the Public Utility Commission of Texas (“Commission”) direct the Electric Reliability Council of Texas (“ERCOT”) to implement the recommendations of the Independent Market Monitor (“IMM”) concerning the repricing of ancillary services.

I. Introduction

ENGIE owns power generation companies, qualified scheduling entities, and retail electric providers, and participates in the ERCOT-administered markets on a daily basis. ENGIE also participates extensively in the ERCOT stakeholder process and along with its customers and the Texas public, has a strong interest in the ERCOT markets continued efficient operation. Like many other market participants, ENGIE was adversely impacted by the very high settlements that occurred during the 2021 Winter Weather Event (“Winter Storm”), particularly the staggering ancillary service prices that were many times higher than the system-wide offer cap (“SWCAP”). While ENGIE has fully paid every invoice it has received from ERCOT, it has come at a severe and in our view unreasonable and unexpected cost, and therefore ENGIE wishes to associate itself with the Independent Market Monitor’s (“IMM”) recommendations of yesterday concerning weather event-related ancillary services settlement.

II. IMM’s Recommendation and Request

The IMM has correctly determined that these staggering ancillary service prices represent market dysfunction. As the IMM has observed, economic principles dictate that the values of reserves cannot exceed the value of lost load (“VOLL”), which is equal to the SWCAP of \$9000.

Engie agrees. Yet at their highest point, the four ancillary services prices totaled \$69,000 per MW. No justification exists for paying reserves beyond the SWCAP, particularly because these prices did not cause additional generation resources to come online, retail consumers to curtail, or any additional ancillary service capacity become available. The IMM's proposal represents the direction this Commission should take, and the best course identified yet for preserving the financial integrity of the ERCOT market.

III. Conclusion

ENGIE respectfully requests that the Commission exercise its authority under Tex. Util. Code Ann. § 39.151(d) and promptly order ERCOT to implement the recommendations of the IMM.

Respectfully yours,

/s/ Ray Cunningham

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